



# THE CITY OF Reidsville NORTH CAROLINA

August 16, 2013

Joint Legislative Committee on Local Government  
North Carolina General Assembly  
Legislative Building  
16 West Jones Street  
Raleigh, North Carolina 27601  
Attention: Committee Chairs and Committee Assistant

Fiscal Research Division  
North Carolina General Assembly  
Legislative Office Building  
300 North Salisbury Street, Suite 619  
Raleigh, North Carolina 27603-5925

Re: Financing of Water and Sanitary Sewer Improvements by City of  
Reidsville, North Carolina

Ladies and Gentlemen:

In accordance with Section 120-157.2(a) of the General Statutes of North Carolina, as amended, the City of Reidsville, North Carolina (the "City") hereby notifies you of the following:

1. The City intends to issue a water and sanitary sewer system revenue bond (the "Bond") pursuant to The State and Local Government Revenue Bond Act, Article 5 of Chapter 159 of the General Statute of North Carolina, as amended, to finance the cost of acquiring, constructing and equipping certain improvements to the City's water and sanitary sewer system, including, without limitation, certain plant improvements and line relocations. At present, the City anticipates that the Bond will be issued in an amount of not to exceed \$9,000,000. The City's obligations with respect to the Bond will be secured pursuant to a Trust Agreement, dated as of May 1, 2012 (the "Trust Agreement"), between the City and the trustee named therein. Obligations issued under the Trust Agreement are special obligations of the City, payable from and secured by a pledge of Net Receipts (as defined under the Trust Agreement) of the City's water and sanitary sewer system, and under certain circumstances by investment earnings and certain net insurance and other proceeds.

2. The City intends to enter into a Revolving Fund Loan (the "Loan") with the North Carolina Department of Environment and Natural Resources subject to the approval of the Local Government Commission to finance the cost of acquiring, constructing and equipping certain improvements to the City's water and sanitary sewer system, including, without limitation, certain sanitary sewer system plant improvements. At present, the City anticipates that the Loan will be in an amount of not to exceed \$15,000,000. The City's obligations with respect to the Loan will constitute Subordinated Indebtedness under the Trust Agreement, payable from and secured by a pledge of Net Receipts (as defined under the Trust Agreement), and under certain circumstances by investment earnings and certain net insurance and other proceeds.

The City anticipates that the Local Government Commission will consider approval of the issuance and sale of the Bond and entering into the Loan at its meeting scheduled for October 1, 2013.

CITY OF REIDSVILLE, NORTH CAROLINA

By:   
Assistant City Manager of  
Administration/Finance Director

cc: Local Government Commission